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PROPOSITION 137: SPORTING GOODS SALES TAX REVENUE FOR CONSERVATION

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INTRODUCTION

Proposition 137 would exempt existing state sales tax revenue on a defined set of sporting goods and equipment from Colorado's constitutional TABOR limit, directing that revenue toward conservation, wildfire risk mitigation, and outdoor recreation programs through a new Conserve and Protect Colorado's Water, Land, and Forests Fund.[i]

Proponents describe this as new funding without a tax increase, since the underlying tax rate and the price of sporting goods remain unchanged.[ii] However, what changes is how much of that existing revenue is returned to taxpayers as a TABOR refund, and in years the state is below the TABOR cap, what programs this funding takes away from.

Great Outdoors Colorado (GOCO) has funded conservation efforts across Colorado for more than three decades, using a share of Colorado Lottery proceeds. Proposition 137 would create a second, TABOR-exempt funding stream alongside GOCO's existing lottery-based model.[iii]

Proponents argue that wildfire activity in the state has intensified in recent years: four of Colorado's largest wildfires on record occurred in the last five years, destroying 1.5 million acres and more than 1,900 homes, and greater resources are needed.[iv] Opponents claim the measure is essentially a tax increase in disguise given the diverted revenue would otherwise count towards the TABOR cap and could be refunded.

This report examines the fiscal impacts of Proposition 137, the reliability of the formula used to calculate how much revenue is exempted each year, and what the measure would mean for conservation and wildfire mitigation funding in Colorado.

KEY FINDINGS

- **Proposition 137 would direct a portion of existing sales tax revenue from purchases and rentals of certain sporting goods toward conservation, wildfire risk mitigation, and outdoor recreation programs.[v]**
- **If passed, it would exempt an estimated $175 million in state sales tax revenue from the TABOR limit in FY2027-28, growing to $180.2 million in FY2028-29.[vi]**
    - This would reduce TABOR refunds by $175 million in tax year 2029, reducing refunds by $26 to $83 for single filers, and $52 to $166 for joint filers, depending on income.
- **This would be a roughly one-third (33.6%) reduction of the forecasted FY2027-28 TABOR refund obligation, from $521.0 million to approximately $346.0 million.**
- **Proposition 137 would increase state wildfire mitigation and forest management spending by nearly five times the current level.**
    - Currently, state spending totals $16.4 million[vii] annually on wildfire risk mitigation and forest management efforts. Proposition 137 increases this funding to $80.6 million in FY2028-29, nearly five times the current level.

FISCAL IMPACTS

If passed, Proposition 137 would create a new exemption from the TABOR spending limit for a specific category of state sales tax revenue.[viii] Colorado's existing sales tax system does not separately track sporting goods transactions at the point of collection, so the statute directs Legislative Council Staff to estimate the relevant revenue using an indirect, Census-based methodology through the following formula.[ix] The formula relies on Colorado-specific Census data where available, substituting national data only when Colorado's figures are suppressed for disclosure reasons.

Revenue = (S ÷ T) × R × 0.029

S= Colorado sales of covered sporting goods (2022 Economic Census)

T= Colorado total retail trade sales (2022 Economic Census)

R= Colorado Department of Revenue's current-year gross retail trade sales

0.029= Colorado state sales tax rate

Covered goods span nine statutory categories: bicycles, golf equipment, hunting and fishing equipment, camping equipment, general sporting goods (including tennis, skiing, hockey, and team sporting equipment, among others), motorcycles and motor bikes, boats and other sports vehicles, recreational vehicles, exercise and fitness equipment, and rental services for recreational, sports, and fitness equipment.

This calculation is required for FY2027-28 only.[x] For FY 2028-29 and later, Legislative Council Staff will adjust the amount annually. If exempting the full amount would reduce the Family Affordability Tax Credit or the expanded Earned Income Tax Credit, the exempt amount must be reduced to the maximum that preserves those credits. LCS must update this estimate annually using the most reliable available data, which may include updated Census figures, actual sales tax receipts if such data becomes available, or an alternative methodology. The full FY2027-28 revenue transfer is divided among four recipient funds according to a fixed statutory formula, shown in Table 1 below.[xi]

TABLE 1. WILDFIRE AND CONSERVATION REVENUE DISTRIBUTION, FY2027-28 AND FY2028-29

Recipient	Share	FY2027-28	FY2028-29
Great Outdoors Colorado Trust Fund	47.5%	$83.1M	$85.6M
Colorado Wildfire Prevention and Water Fund	47.5%	$83.1M	$85.6M
— Prescribed Fire Claims Cash Fund (one-time, FY28 only)		$10.0M	$0
— Forest Restoration / Healthy Forests Fund (CSFS)		~$36.5M	~$42.8M
— Wildfire Mitigation Capacity Dev. Fund (DNR)		~$18.3M	~$21.4M
— CWCB Construction Fund (DNR)		~$18.3M	~$21.4M
Outdoor Equity Fund	2.5%	$4.4M	$4.5M
Outdoor Recreation Economic Development Cash Fund	2.5%	$4.4M	$4.5M
Total	**100%**	**$175.0M**	**$180.2M**

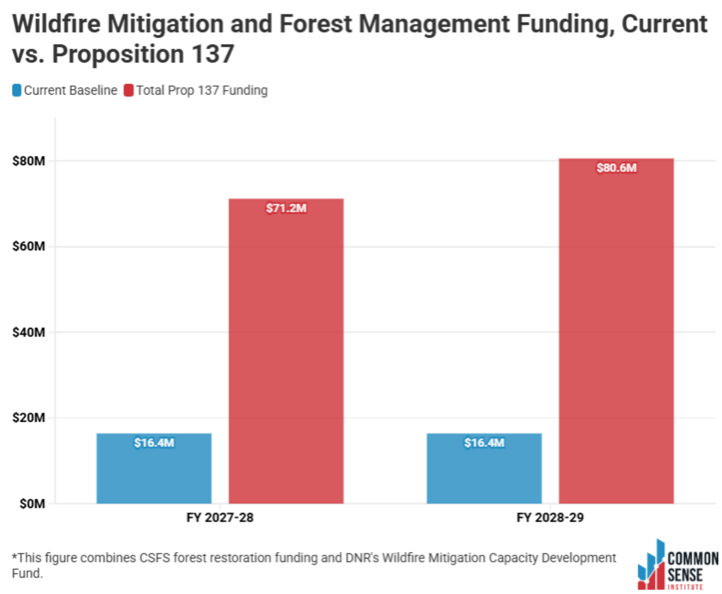
Source: Legislative Council Staff Fiscal Impact Statement, Table 2 (State Transfers), Initiative 308/Proposition 137, May 13, 2026.

By comparison, the state currently spends approximately $16.4 million[xii] annually on wildfire mitigation and forest management, and approximately $5 million annually on watershed restoration, according to LCS analysis. This means Proposition 137 would increase funding for wildfire mitigation and forest management alone by nearly five times the current level. Outdoor recreation and equity programs currently receive roughly $800,000 annually, meaning the measure would increase funding by elevenfold for these programs.

TABOR refunds would decrease by $175 million in tax year 2029 under current forecasts, reducing refunds by $26 to $83 for single filers and $52 to $166 for joint filers, depending on adjusted gross income tier.[xiii] The state has a six-tier sales tax TABOR refund mechanism, grouped in six increments of taxpayer income, adjusted yearly.[xiv] The $175 million is a 33.6% reduction from the forecasted $521 million[xv] FY2027-28 TABOR refund. Colorado has not modeled the FY2028-29 refund impact, since it falls outside the state's current revenue forecast window. In years where state revenue collections fall below the TABOR limit, the refund-reduction mechanism does not activate, but the General Fund transfer to the Conserve and Protect Colorado's Water, Land, and Forests Fund still occurs. In those years, the roughly $175 million comes directly out of money otherwise available for other state priorities, which the fiscal note identifies as health care, education, and human services.[xvi]

The revenue exemption is also conditional on preserving two income tax credits.[xvii] Beginning in FY2028-29, if the full calculated wildfire-and-conservation revenue amount would reduce the Family Affordability Tax Credit or the Earned Income Tax Credit, Legislative Council Staff or the Office of State Planning and Budgeting must calculate a reduced, maximum exemptible amount that prevents that reduction. This means the $175.0 million and $180.2 million figures function as ceilings rather than guarantees, and the actual transferred amount in any given year could fall short of the statutory formula's raw output.

FIGURE 1.



GREAT OUTDOORS COLORADO

Great Outdoors Colorado, the largest single recipient under Proposition 137, is a constitutionally established trust fund created by voters in 1992 (Article XXVII), funded entirely by a share of Colorado Lottery proceeds and currently receiving no general fund or tax dollars.[xviii] GOCO is required to allocate its funding in substantially equal portions across four categories: outdoor recreation, wildlife, local government grants, and open space preservation. In practice, this means money moves through two channels: grants to local governments and nonprofits for parks, trails, and open-space acquisition, and direct funding to Colorado Parks and Wildlife for habitat protection, state park infrastructure, and wildlife programs. GOCO has invested $1.7 billion across more than 5,900 projects and all 64 Colorado counties since 1992.

GOCO's lottery funding has grown roughly fivefold since the mid-1990s, reaching $84.9 million in FY2025.[xix] However, FY2025 marked the first time in more than two decades that lottery proceeds failed to reach GOCO's constitutional cap, falling $1.1 million short of the $86.0 million ceiling for that year. GOCO's director has said current grant demand "significantly exceeds" available dollars, citing $900 million in capital needs identified by Colorado Parks and Wildlife over the next five years.[xx]

Proposition 137's $83.1 to $85.6 million annual contribution to GOCO would roughly double the organization's annual revenue, but would still leave the bulk of that identified capital backlog unaddressed.

BOTTOM LINE

Voters will have to weigh Proposition 137's promise of new conservation and wildfire funding against the TABOR refunds it would eliminate. Unlike a direct dedication of sporting-goods sales tax revenue, the amount redirected under Proposition 137 is a modeled approximation. **In years where the state is above the TABOR cap, it would be yet another reduction to taxpayer refunds, compounding dozens of others enacted across recent years.** With other TABOR-impacting tax issues on the ballot this November, the combined impacts of these policies could withhold TABOR refunds from taxpayers for the foreseeable future.

APPENDIX

Great Outdoors Colorado Trust Fund: Funds parks, trails, wildlife habitat, and open-space projects through grants to local governments, nonprofits, and Colorado Parks and Wildlife.

Colorado Wildfire Prevention and Water Fund: A pass-through fund created by the measure that further distributes money to the sub-funds below, split between forest-service programs and DNR programs.

Prescribed Fire Claims Cash Fund: Pays eligible damage claims arising from prescribed burns, encouraging their use as a wildfire mitigation tool by covering liability risk. Established by SB25-007; receives a one-time $10.0 million transfer in FY2027-28 only.

Forest Restoration and Wildfire Risk Mitigation Grant Program Cash Fund: Funds community-level grants for wildfire risk reduction in the wildland-urban interface and forest health projects. State agencies, local governments, nonprofits, utilities, and community groups are eligible applicants.

Healthy Forests and Vibrant Communities Fund: Continuously appropriated to the Colorado State Forest Service for forest management and fuel-reduction work, loans to forest-products businesses, wildfire risk assessments, and community wildfire protection plans.

Wildfire Mitigation Capacity Development Fund: Supports the Colorado Strategic Wildfire Action Program's Workforce Development Grants (entry-level training in wildfire mitigation and forestry) and Landscape Resilience Investments (large-scale fuels-reduction projects).

Colorado Water Conservation Board Construction Fund: Funds water projects recommended by the CWCB, appropriated annually through the state's water projects bill — this is the fund that supports watershed restoration.

Outdoor Equity Fund: Supports the Outdoor Equity Grant Program (established by HB21-1318), which funds organizations providing outdoor access and education for underserved youth and families.

Outdoor Recreation Economic Development Cash Fund: Supports OEDIT's Outdoor Recreation Industry Office, funding outdoor-industry business development and outdoor recreation planning for rural communities.

SOURCES

i. Initiative 2025-2026 #308 (Proposition 137), Clean Final Text, §§ 24-77-110 and 24-33-119.

ii. Legislative Council Staff, Proposition 137: Direct Sporting Goods Sales Tax Revenue for Conservation, Ballot Title and Blue Book Analysis, 2026.

iii. Great Outdoors Colorado, "Our History" and "Our Finances," Great Outdoors Colorado.

iv. Initiative 2025-2026 #308 (Proposition 137), Final Text, §24-33-119

v. Great Outdoors Colorado, "Our History" and "Our Finances," Great Outdoors Colorado.

vi. Legislative Council Staff, Initiative 308 Fiscal Impact Statement, May 13, 2026

vii. Legislative Council Staff, Proposition 137: Direct Sporting Goods Sales Tax Revenue for Conservation, Ballot Title and Blue Book Draft Analysis, p. 2.

viii. Legislative Council Staff, Proposition 137: Direct Sporting Goods Sales Tax Revenue for Conservation, Ballot Title and Blue Book Draft Analysis, pp. 1-2.

ix. Initiative 2025-2026 #308 (Proposition 137), Final Text, § 24-77-110(4).

x. Initiative 2025-2026 #308 (Proposition 137), Final Text, § 24-77-110(4)-(5).

xi. Legislative Council Staff, Initiative 308 Fiscal Impact Statement, May 13, 2026, Table 1, "Potential Change in State Spending Under Proposition 137."

xii. Legislative Council Staff, Proposition 137: Direct Sporting Goods Sales Tax Revenue for Conservation, Ballot Title and Blue Book Draft Analysis, p. 2.

xiii. Legislative Council Staff, Proposition 137: Direct Sporting Goods Sales Tax Revenue for Conservation, Ballot Title and Blue Book Draft Analysis, Legislative Council Staff, Initiative 308 Fiscal Impact Statement, May 13, 2026, "Taxpayer Impacts."

xiv. Colorado Department of Revenue, "Income Tax Topics: State Sales Tax Refund," Colorado.gov.

xv. Legislative Council Staff, Economic & Revenue Forecast, June 2026, "TABOR Outlook

xvi. Legislative Council Staff, Initiative 308 Fiscal Impact Statement, May 13, 2026

xvii. Initiative 2025-2026 #308 (Proposition 137), Final Text, § 24-77-110(4)(d).

xviii. Great Outdoors Colorado, "Our History" and "Our Finances," Great Outdoors Colorado; Colorado Constitution, Article XXVII.

xix. Great Outdoors Colorado, FY2025 Annual Financial Statements and Board Report.

xx. Colorado Sun, "Voters asked to redirect sporting goods sales taxes into conservation, wildfire restoration, outdoor access," August 31, 2026.